



Investment Management Policy

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1. Introduction

Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Services as the management of the Academy's cash flows, banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The objectives of treasury management are:

- To provide a means by which the Academy can meet its commitments
- To ensure that sufficient sums are available at short or no notice to meet foreseeable requirements
- To earn an acceptable rate of return on surplus funds without undue risk
- To spread risk between differing types of investment and institutions

2. Responsibility

The Executive Headteacher and Governing Body have overall responsibility for the overall security and management of funds. The day to day management of the treasury function is controlled by the School Business Manager.

The School Business Manager will liaise with the Executive Headteacher and Governing Body in relation to strategy and market conditions.

3. Borrowing of funds

The Academy is not allowed to borrow without the permission of the Secretary of State. The Academy does not currently envisage the need to borrow or operate an overdraft. Should this situation change the overdraft / borrowing will only be undertaken after approval of both the full Governing Body and Secretary of State.

4. Investment of funds

A return on working capital should be optimised whilst ensuring easy access of the funds. In balancing risk against return the Academy policy is clearly geared to avoiding risk rather than maximising income.

The Academy will operate an interest bearing current account with a bank approved by the Governing Body and maintain a balance in that account that is sufficient to cover immediate and forthcoming financial commitments (payroll and payment runs) and sufficient contingency (cash buffer) for unexpected payments.

Monies surplus to the working requirements can be invested in an account in the name of the Academy with the approved institutions authorised by the Governing Body. This may be a higher interest bearing account operated by the same bank that the Academy operates its current account with, or an alternative approved institution.

The Academy will not take out any long term investments until a reliable cash flow pattern has been established; monies will only be paid into approved bank deposit accounts allowing access to funds within a term not exceeding three months.

5. Credit risk

Credit risk will be minimised by ensuring that funds are spread across a range of institutions as appropriate. The limits of funds invested with approved institutions will be approved at least annually by the Governing Body and more frequently subject to market conditions. The current approved limit is set out in Appendix A.

6. Cash flow forecasts

The School Business Manager will prepare and present to the Resources and Personnel Committee a forecasted monthly cash flow statement as part of the monthly financial reporting pack in order to highlight expected cash balances throughout the year that may be invested and give early warning of any need to seek approval to borrow.

7. Approved institutions for investment

Security of investment is paramount. The School Business Manager will take external treasury management professional advice as needed to ensure timely amendments are brought to the Governing Body should the assessed strength of these institutions be downgraded or should it be felt appropriate to incorporate new institutions.

8. Limits and authority

The Governing Body reserves the power to:

- Give prior approval to the opening of new bank current accounts
- Amend the list of approved institutions
- Give prior approval to any bank deposit with a maturity date of greater than three months
- Give prior approval to any investment product other than a bank deposit

The Governing Body delegates power to the School Business Manager to place deposits in the Academy's name, at approved institutions, subject to the agreed limit in Appendix A. No deposits will be placed by the School Business Manager without prior authorisation by the Executive Headteacher or other bank signatory subject to their relevant limits. Deposits will be confirmed in writing after the event by the bank.

Authorised cheque / bank transfer signatories of the Academy are set out in the Academy Financial Regulations Manual. Any changes in the authorised signatories must be approved by the Governing Body.

9. Register of investments / deposits

The School Business Manager will maintain a register of all investments / deposits held which will record:

- Institution with which the deposit was made
- Date deposit was placed
- Amount deposited
- Date of maturity
- Amount returned
- Interest earned
- Rate of interest obtained
- Authorisation for the transaction

10. Recording and monitoring

Bank balances and all investments / deposits will be reconciled and balanced to the Academy's accounting records every month.

Cost of funds and requirement for funds will be monitored on an ongoing basis via the management accounts, in particular the 12 month rolling cash flow forecast.

11. Monitoring, evaluation and review

The Academy will review this policy annually and assess its implementation and effectiveness. The policy will be promoted and implemented throughout the Academy.

ACADEMY TO INSERT AN APPENDIX OF APPROVED INSTITUTIONS THEY ARE HAPPY TO INVEST FUNDS WITH